

REQUIRES MONITORING
OR STAFF ACTIONPage 1 of 2

COMMISSION DIRECTIVE

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>April 12, 2005</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2004-259-S - -</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		<u></u>

SUBJECT:

DOCKET NO. 2004-259-S – Bush River Utilities, Inc. – Application for approval of a new schedule of rates and charges for sewerage service provided to commercial customers in all areas served. Discuss with the Commission Office of Regulatory Staff's Petition for Rehearing or Reconsideration and Motion for Clarification filed by Benjamin P. Mustian, Esquire.

COMMISSION ACTION:

The ORS alleges that the Commission erred in not requiring Bush River Utilities, Inc. (BRUI) to post immediately a \$100,000 performance bond. Order No. 2005-83 requires BRUI to post a \$100,000 performance bond by the completion of construction of the wastewater treatment facility. ORS alleges that protection of the public is served by requiring BRUI to post a surety bond immediately. In addition, ORS alleges that it may be difficult to determine an actual date for completion of construction of the treatment facility. Based on testimony in the record, the Commission determined that BRUI could not obtain immediately a \$100,000 performance bond. Thus, the Commission set the bonding requirement by the completion of construction of the treatment plant. Requiring DSI to post immediately a \$100,000 performance bond which it could not obtain could result in a shut down of the system. Currently, there are no alternative providers of sewer service for BRUI customers. The Commission determined that a shut down of BRUI's system would not be in the public interest. No evidence has been presented to change the Commission's determination concerning the ability of BRUI to obtain a performance bond immediately or the potential harm to the public interest if the system were shut down. However, the Commission agrees with the ORS that the construction completion date is uncertain. **Therefore, I move the Commission require BRUI to post a \$100,000 performance bond by the earlier of one year from the date the Department of Health and Environmental Control (DHEC) issued BRUI a construction permit for the treatment facility, which is November 29, 2005, or the date on which BRUI applies to DHEC for final operational approval of the treatment facility.**

The ORS has also petitioned for clarification of its audit responsibilities prior to BRUI's implementation of Phase II rates. **I move that:**

1. **The Company must certify to the Commission and to ORS that it has completed construction of the wastewater treatment facility, met all of the other requirements and that they are ready for audit.**
2. **The ORS should concentrate on the expenditures made for plant upgrades. We do not envision a re-creation of the whole case (audit of revenues, expenses, calculation of operating margin, etc.). ORS must determine whether the company has expended at least \$932,278 in plant upgrades and that the new plant is complete and in service.**
3. **ORS must certify that the bonding requirements have been met.**
4. **ORS must certify that the company is using the NARUC chart of accounts to ORS's satisfaction.**
5. **ORS must certify that the company is in compliance with all DHEC requirements.**
6. **ORS be given sixty (60) days from commencement of the audit to complete its audit and file a report with the Commission.**

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When ORS certifies to the Commission that the company has met all of the conditions of the Order No. 2005-83, Phase II rates can be placed into effect. Regardless of when BRUI notifies the ORS to perform the audit, the ORS must certify that the bonding requirement has been met no later than November 29, 2005.

ORS also alleges that the Commission erred in stating that ORS took no position concerning depreciation in Phase II and in setting a 25-year depreciation life for the wastewater treatment facility in Phase II as requested by BRUI in its application. Although ORS did not provide any accounting adjustments for Phase II, ORS witness Morgan did recommend a 32-year depreciation life for the proposed upgrades based on the Florida Public Service Commission Water and Wastewater System Regulatory Law. In late-filed Exhibit 6, the Company provided information supporting a 20-year depreciation life. The Commission finds particularly relevant the letter of Mr. Combs, PE, stating that the equipment for BRUI's wastewater treatment facility has a 20-year design life. Exhibit 6 supports a shorter depreciation life than the 25-year depreciation life BRUI requested in its application. **Therefore, I move the Commission find that ORS did present a depreciation recommendation at the hearing. I further move the Commission deny the ORS petition to rehear or reconsider the 25-year depreciation life as stated in Order No. 2005-83.**

PRESIDING Mitchell

Session: Regular

MOTION	YES	NO	OTHER
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Time of Session 2:30 P.M.

CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

APPROVED _____
 APPROVED STC 30 DAYS _____
 ACCEPTED FOR FILING _____
 DENIED _____
 AMENDED _____
 TRANSFERRED _____
 SUSPENDED _____
 CANCELED _____
 SET FOR HEARING _____
 ADVISED _____
 CARRIED OVER _____
 RECORDED BY SCHMIEDING